

162 FERC ¶ 61,027  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

January 18, 2018

In Reply Refer To:  
Southwest Power Pool, Inc.  
Docket No. ER17-2495-000

Southwest Power Pool, Inc.  
201 Worthen Drive  
Little Rock, AR 72223

Attention: Christopher M. Nolen, Esq.

Dear Mr. Nolen:

1. On September 15, 2017, Southwest Power Pool, Inc. (SPP) submitted a filing to notify the Commission of certain pricing errors made under its Open Access Transmission Tariff (Tariff) from December 1, 2016 to December 14, 2016, explain the corrective actions taken to remedy those errors, and request approval to reprice and resettle its markets during the relevant period.
2. SPP states that Omaha Public Power District (OPPD) deregistered a resource (Fort Calhoun) from the Integrated Marketplace effective December 1, 2016. SPP explains that because Transmission Congestion Rights (TCRs) had already been awarded at this location and were required to be effectuated, a replacement Settlement Location was established to recognize the settlement of the previously-awarded TCRs. According to SPP, creation of the Settlement Location required the setting of a software flag in its Centralized Modeling Tool, but due to a compressed timeline, the Energy Management Software model did not include the necessary flag. SPP states that, as a result, the model could not calculate the correct shift factors for the replacement Settlement Location for both real-time and day-ahead market activities.<sup>1</sup>
3. SPP states that after reviewing the impact of the error, SPP determined that the Marginal Congestion Component at the Settlement Location was misstated due to the modeling error and that the error did not affect other Settlement Locations. SPP states that it corrected the issue to reflect the replacement Fort Calhoun Settlement Location on December 14, 2016. SPP asserts that it reviewed the mispricing event to determine if any

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<sup>1</sup> SPP Transmittal at 1-2.

market impacts resulted from the incorrect modeling of the Fort Calhoun Resource. SPP states that correct prices were determined from a nearby Settlement Location and that the clearing of relevant virtual transactions would have changed by approximately 2 MW absent this error.<sup>2</sup>

4. SPP requests that the Commission approve its request to reprice the replacement Fort Calhoun Settlement Location for the period from December 1, 2016 through December 14, 2016.<sup>3</sup> SPP states that it makes its request pursuant to section 8.4(3)(b) of Attachment AE of the Tariff, which requires SPP to “request Commission approval prior to making the price correction” if SPP does not notify Market Participants of the contemplated price correction within five calendar days following the operating day when the prices would be affected by the contemplated price correction.<sup>4</sup> SPP explains that the modeling errors associated with the Fort Calhoun deregistration were human performance anomalies that have since been corrected. According to SPP, its stakeholders and Board of Directors and Members Committee agreed that the requested repricing and resettling of SPP’s markets is appropriate. SPP maintains that it can make the recalculation with accuracy, and the repricing will not have undesirable consequences or unduly affect settled expectations.<sup>5</sup> SPP argues that its request will ensure that market participants that unfairly suffered from the modeling error will be made whole, while creating only a minor monetary impact for other market participants.<sup>6</sup> SPP adds that the modeling errors were made in good faith and that its request is of limited scope and remedies a concrete problem.<sup>7</sup>

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<sup>2</sup> *Id.* at 2-3.

<sup>3</sup> SPP’s request includes day-ahead settlements for December 1, 2016 through December 15, 2016. *Id.* at 4.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* at 4-6.

<sup>6</sup> Specifically, SPP estimates that the financial impact of the requested resettlement would be a net payment to TCR holders at the relevant location of \$145,000, a net charge to certain virtual transactions of \$400, and a *de minimis* impact on other market participants. *Id.* at 3, 6.

<sup>7</sup> *Id.* at 6.

5. Notice of SPP's filing was published in the *Federal Register*, 82 Fed. Reg. 44,404 (2017), with interventions and protests due on or before October 6, 2017. OPPD filed a timely motion to intervene.
6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2017), the timely, unopposed motion to intervene serves to make the entity that filed it a party to this proceeding.
7. We grant SPP's request to make certain price corrections and resettlements for the period from December 1, 2016 to December 14, 2016, as requested. In the past, the Commission has granted waiver of Attachment AE of the Tariff when SPP has requested Commission approval to make a price correction pursuant to Attachment AE.<sup>8</sup> Though SPP has submitted a request for approval to reprice pursuant to section 8.4(3)(b) of Attachment AE of the Tariff and not a request for waiver, we will apply a similar standard to SPP's request. Accordingly, we find that SPP has acted in good faith and that SPP has taken appropriate steps to identify and remedy the concrete problem that was created when the Centralized Modeling Tool could not calculate the correct shift factors for the replacement Settlement Location for both real-time and day-ahead market activities. SPP's request for Commission approval prior to making the requested price corrections is consistent with section 8.4(3)(b) of Attachment AE of the Tariff. We note that SPP's request is uncontested and was approved through its stakeholder process and by SPP's Board of Directors and Members Committee. We also find that SPP has demonstrated that its request is limited in scope and will not have undesirable consequences or unduly affect settled market expectations. For these reasons, we find that good cause exists to grant SPP's request.

By direction of the Commission

Kimberly D. Bose,  
Secretary.

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<sup>8</sup> *E.g.*, *Sw. Power Pool, Inc.*, 135 FERC ¶ 61,032 (2011).